



COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE GOVERNOR  
HARRISBURG

The Governor

October 25, 2005

The Honorable Mike Doyle  
U.S. House of Representatives  
401 Cannon Building  
Washington, D.C. 20515

Dear Representative Doyle:

I am writing to urge your immediate action to remove from the House Energy and Commerce Committee's Budget Reconciliation package a provision that would cut approximately \$600 million from Pennsylvania's Medical Assistance budget beginning in fiscal 2008. The reconciliation package that will come before the Energy and Commerce Committee this week will include a provision that would phase out the Managed Care Organization Provider Assessment as a means of improving care for Medicaid patients in managed care and bringing federal Medicaid funds to Pennsylvania and two other states—Michigan and California. The Bush Administration approved Pennsylvania's assessment in the fall of 2004.

When the House passed a budget resolution last spring, it included \$12 billion in savings in the Medicaid program over five years. Those savings were achieved through policy changes that would affect all states in relatively equivalent ways. Now, it appears the committee may be asked to achieve an additional \$1.6 billion in savings, some of which is certainly to come from the Medicaid program. It appears that, in part, these additional savings are needed to help pay for the Katrina relief provisions which are to be included in the Energy and Commerce Committee package. Achieving additional savings through a provision that cuts deeply into the Medical Assistance budgets of only three states, in order to provide assistance to the three states most affected by Katrina, is an unfair approach and would be very damaging to Pennsylvania's neediest families.

Last week, the leadership of the Senate Finance Committee dropped from their reconciliation proposal a provision to phase out the Managed Care Provider Assessment. It is my hope you will work with your colleagues on the Committee on Energy and Commerce to ensure the House follows suit. If the committee leadership moves ahead with its plan to eliminate or phase out the Managed Care Assessment, it is my hope you will offer or support an amendment to have that provision removed from the reconciliation package.

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This year I worked cooperatively with our state legislators to develop a budget that closed a gap of more than \$1 billion in our Medical Assistance program without affecting eligibility for recipients. Given our current projections, achieving that goal again will be difficult for next fiscal year. If Congress cuts our MA funding by \$600 million, preserving eligibility for the elderly, disabled, and disadvantaged Pennsylvanians who rely on this program for basic health care will be even more challenging.

Please let me know if you need any more information on the impact of this proposal on the commonwealth. I look forward to continuing to work with you on this and a variety of other issues of mutual interest.

Sincerely,

A handwritten signature in black ink that reads "Edward G. Rendell". The signature is written in a cursive, slightly stylized font.

Edward G. Rendell  
Governor